

Message Text

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ACTION EB-08

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L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15 OES-06 SP-02
SS-15 STR-04 TRSE-00 ACDA-10 FEA-01 DOTE-00 FMC-02
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INFO AMEMBASSY COPENHAGEN

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TAGS: ENRG, DA, FI, NO, SW

SUBJECT: SWEDISH SHIPBUILDING EXECUTIVE PROPOSES NATURAL GAS
PROJECT TO SWEDISH GOVERNMENT

NILS-HUGO HALLENBORG, EXECUTIVE DIRECTOR OF KOCKUMS MEKANISKA
VERKSTADS AB, THE NATION'S LEADING SHIPBUILDER, PRESENTED TO THE
SWEDISH GOVERNMENT ON FEBRUARY 9, A PROPOSED PROJECT PROVIDING
FOR THE UTILIZATION OF NATURAL GAS FOR ELECTRIC POWER PRODUCTION -
AN ALTERNATIVE TO NUCLEAR POWER PRODUCTION WHICH HAS BECOME
THE TARGET OF MOUNTING CRITICISM IN RECENT MONTHS.

MR. HALLENBORG'S PROJECT, ESTIMATED TO COST SOME 34 BILLION KORONOR
(\$8 BILLION), WAS EXPLAINED TO PRIME MINISTER THORBJORN FALLDIN,
FINANCE MINISTER GOSTA BOHMAN, INDUSTRY MINISTER NILS ASLING,
LABOR MINISTER PER AHLMARK, AND ENERGY MINISTER OLOF JOHANSSON.
THE PROJECT ENVISAGES THE WIDESPREAD USE OF NATURAL GAS FOR POWER
GENERATION AS A SUBSTITUTE FOR NUCLEAR POWER. SWEDEN WOULD CONCLUDE
LONG-TERM CONTRACTS WITH ONE OR SEVERAL NATURAL GAS PRODUCING
COUNTRIES (ALGERIA WAS MENTIONED AS A LIKELY SOURCE) FOR THE SUPPLY
OF NATURAL GAS. THE GAS WOULD BE LIQUIFIED AND TRANSPORTED TO
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SWEDEN ON LNG VESSELS WHICH KOCKUMS WOULD BUILD. ABOUT 20 SUCH
SHIPS WOULD BE REQUIRED FOR THE PURPOSE. TWO OCEAN TERMINALS
FOR RECEIVING THE GAS WOULD BE BUILT IN SWEDEN, ONE AT KARLS-
HAMN IN BLEKINGE COUNTY, AND THE OTHER AT STENUNGSUND, ON THE
WEST COAST NORTH OF GOTEBOG. THE LNG WOULD BE PROCESSED AT
THESE TERMINALS AND PIPED IN GASEOUS FORM THROUGH A NETWORK OF
GAS LINES TO POWER PLANTS AND OTHER CUSTOMERS IN SWEDEN.

MR. HALLENBORG'S PROPOSED PROJECT HAS AROUSED A CONSIDERABLE AMOUNT OF INTEREST IN GOVERNMENT AND INDUSTRY CIRCLES SINCE IT MAY BE EXPECTED NOT ONLY TO REDUCE SUBSTANTIALLY, IF NOT COMPLETELY RID, SWEDEN'S DEPENDENCE ON NUCLEAR POWER BUT IT WOULD ALSO PROVIDE EMPLOYMENT FOR THE NATION'S HARD-HIT SHIPBUILDING YARDS, THE STEELMAKING AND CONSTRUCTION INDUSTRIES, AND OTHER KEY INDUSTRIAL SECTORS. COMMENTING ON THE PROJECT, PRIME MINISTER FALLDIN SAID "IT IS A CONSTRUCTIVE CONTRIBUTION TO THE ENERGY DEBATE. IF THE PROJECT IS REALIZED, THE PROMISE WE MADE IN OUR ELECTION CAMPAIGN (I.E. TO HALT THE NUCLEAR POWER PROGRAM) WOULD NO LONGER BE A PROBLEM AND IT WOULD BE EASIER FOR THE NEW GOVERNMENT TO IMPLEMENT ITS ENERGY POLICY." ACCORDING TO RECENT PRESS REPORTS, THE QUESTION OF NORWEGIAN NATURAL GAS FOR SWEDEN AND DENMARK WILL BE AN IMPORTANT SUBJECT ON THE AGENDA AT THE FORTHCOMING MEETING OF THE NORDIC COUNCIL. ON FEBRUARY 10, SWEDISH ENERGY MINISTER OLOF JOHANSSON AND MINISTER FOR LOCAL GOVERNMENT JOHANNES ANTONSSON HELD DISCUSSIONS IN COPENHAGEN WITH DANISH COMMERCE MINISTER PER HAEKKERUP, AND MINISTER FOR FOREIGN ECONOMIC AFFAIRS IVAR NORGARD REGARDING SWEDISH-DANISH COOPERATION IN BUILDING A NATURAL GAS PIPELINE DISTRIBUTION NETWORK. GOVERNMENT OFFICIALS FROM BOTH COUNTRIES WILL CONTINUE DISCUSSING THE POSSIBILITY OF LINKING A FUTURE SWEDISH PIPELINE NETWORK FOR NATURAL GAS WITH THAT OF DENMARK. ON FEBRUARY 10, SWEDISH PRIME MINISTER FALLDIN, AT HIS FIRST OFFICIAL VISIT IN OSLO, INFORMED NORWEGIAN PRIME MINISTER ODVAR NORDLI OF NILS-HUGO HALLENBORG'S PROPOSAL TO UTILIZE NATURAL GAS AS A FUEL FOR SWEDISH POWER PLANTS. THE NORWEGIAN PRIME MINISTER REPORTEDLY APPEARED TO BE IN FAVOR OF THE SWEDISH IDEA SINCE IT ALSO ENVISAGED THE USE OF NATURAL GAS FROM NORWEGIAN

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OILFIELDS IN THE NORTH SEA. PRESS SPECULATES THAT SOME FORM OF SWEDISH-NORWEGIAN-DANISH COOPERATION IN THIS FIELD WILL BE DISCUSSED AT THE NORDIC COUNCIL MEETING SCHEDULED TO BE HELD IN HELSINKI DURING MARCH.
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